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SUBJECT: ENTREPRENEURSHIP KEY TO TACKLING UNEMPLOYMENT IN
INDONESIA

¶1. (U) SUMMARY: Indonesian Minister for Cooperatives and Small and Medium Enterprises Syarifuddin Hasan welcomed President Obama,s upcoming Global Entrepreneurship Summit and the opportunity to increase cooperation with the U.S. to expand entrepreneurship in Indonesia. Hasan advised that he is focused on creating jobs by encouraging entrepreneurship and expanding access to microfinance. Hasan said he hopes to facilitate over USD 10 billion in microfinance loans over the next five years and his ministry is working to simplify small loan applications and lower microfinance interest rates. END SUMMARY

¶2. (U) In a meeting on January 12, Ambassador Hume shared with Minister Hasan information about the upcoming Global Entrepreneurship Summit and the planned visit to Indonesia of U.S. NGO Endeavor, which works to develop a culture of entrepreneurship. He explained how both are opportunities to expand our partnership. Hasan said he welcomed cooperation with the U.S. to spur entrepreneurship and to expand access to credit. He expressed interest in Indonesia hosting a possible follow-up event to President Obama,s Global Entrepreneurship Summit. He flagged building entrepreneurial capacity as a development priority for Indonesia and said he looked forward to expanding cooperation with the U.S. to achieve this goal.

¶3. (U) Minister Hasan expressed his concern about the lack of jobs available to recent college graduates in Indonesia. In Jakarta alone, there are over 73,000 jobless among recent graduates. The ministry is focusing its efforts on providing technical and financial assistance to 1,500 recent graduates in Jakarta, Bali, Central Java, Jambi, and North Sumatra to start small businesses. The ministry will provide additional support to successful small enterprises after a review period.

¶4. (U) Minister Hasan described his ministry,s efforts to improve access to microfinance loans. Ministry programs are helping to provide loans up to USD 500 at an interest rate of 14 percent. The ministry plans to deliver approximately USD 2 billion annually in microfinance loans over the next five years. Additionally, loan application constraints including collateral and credit history checks will be lifted for these loans for the next five years. The ministry,s goal over the next five years is to reduce the unemployment rate to 5 percent (from the current rate of just under 8 percent and the poverty rate to 8 or 9 percent (from the current rate of just over 14 percent).

HUME